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PICTURES BY HARISS HASSAN AND LEE LAY KIN

Sales of (from left) Crown Princess KL, The Westin KL, and Sheraton Subang Hotel & Towers were concluded over the last two years.



Hospitality BOOST

Real estate consultants believe that the local hospitality sector would continue to expand in tandem with tourism and foreign investments growth.

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AS the government continues to promote foreign direct investments into the country, a growing number of commercial properties' transactions led by foreign buyers can be seen particularly in the Klang Valley.

While these foreign investors, such as those from the Middle East and Hong Kong, have interests in office buildings and shopping centres, much growth has been seen in the number of hotel acquisitions too. It was reported that the country recorded hotel transactions worth about US\$376 million (about RM1.2 billion) last year, or 3.5% of the total US\$10.8 billion (RM34.5 billion) made across Asia.

Global hotel investment services firm Jones Lang LaSalle Hotels said the Asian hotel market witnessed 85 major transactions, valued above US\$5 million (about RM15.98 million) last year and that it was more than double the previous high of US\$5 billion (RM15.98 billion) transacted in 2006. It attributed strong local economies and expanding leisure markets as the factors of Asia's well-performing hotel sector.

At the recent first Malaysian Property Summit 2008 organised by the Association of Valuers & Property Consultants in Private Practice Malaysia in Kuala Lumpur, real estate consultants expressed belief that the local hospitality sector would continue to enjoy more upside fuelled by tourism market growth and growing foreign investments.

According to data from Zerin Properties, foreign investments in



hotels grew by 64% to RM878 million in 2006 while the total investments by locals only amounted to RM153 million. Last year, 62% of the total value of hotel transactions which amounted to RM756 million were by foreigners.

Among the hotel transactions which have been over the last two years include the 571-room Crown Princess Kuala Lumpur which was transacted at RM240 million or RM420,515 per room, 100-room Grand Centrepoint for RM12.5 million or RM125,000 per room, and the 452-room The Westin Kuala Lumpur that

was sold for RM455 million or a whopping RM1 million per room. In suburban Subang Jaya, the 502-room Sheraton Subang Hotel and Towers was sold for RM140 million or RM278,884 a room.

According to Zerin Properties CEO Prevedran Singhe (*pix*), hotel funds as well as foreign investment funds are the main drivers for hotel properties here. "Some hotspots for hospitality investments include city centre areas like KLCC, Penang and Johor Baru which has offerings that include hotels and serviced apartments ranging from high to mid-end," said Prevedran, adding that the foreign

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